

**APPENDIX B****MD&A FOR DEPRECIATION METHOD (Continued)**

	<u>Governmental Activities</u>
Revenues	
Program Revenues	
Charges for Services	\$ _____
Operating Grants and Contributions	\$ _____
Capital Grants and Contributions	\$ _____
Generated Revenues	
Gain on Disposal of Equipment	\$ _____
Other General Revenues	\$ _____
Total Revenues	\$ _____
Program Expenses	
Primary Roads	
Routine and Preventive Maintenance	\$ _____
Local Roads	
Routine and Preventive Maintenance	\$ _____
State Trunkline	
Maintenance	\$ _____
Non-Maintenance	\$ _____
Reimbursable Services	\$ _____
Administrative	\$ _____
Total Expenses	\$ _____
Increase in Net Assets	\$ _____

**The Road Commission's Fund**

The road commission's general operations fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the county which are earmarked by law for road and highway purposes.

## APPENDIX B

### MD&A FOR DEPRECIATION METHOD (Continued)

For the year ended \_\_\_\_\_, the fund balance of the general operations fund decreased \$\_\_\_\_\_ as compared to a decrease of \$\_\_\_\_\_ in the fund balance for the year ended \_\_\_\_\_ (last year). Total revenues were \$\_\_\_\_\_, a decrease of \$\_\_\_\_\_ as compared to last year. This change in revenues resulted primarily from a decrease in federal surface transportation funds due to fewer federal projects.

Total expenditures were \$\_\_\_\_\_, a decrease of \$\_\_\_\_\_ as compared to last year. This change in expenditures is primarily the decrease in capital outlay in the current year. The road commission incurred an increase to capital outlay last year due to significant renovations and repairs to its building.

#### Budgetary Highlights

Prior to the beginning of any year, the road commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the road commission board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the board reviews and authorized large expenditures when requested throughout the year.

The revenue budget for 2005 was higher than the actual receipts by \$\_\_\_\_\_. This was due, in large part, to the projection of local road participation by townships. Expenditures for construction on local roads are limited to 50% of the contract costs. The road commission budgets for the receipt of funds from townships for projects on local roads. This year, the revenue from township contributions was lower than projected in the amount of \$\_\_\_\_\_.

Road commission expenditures were projected at \$\_\_\_\_\_ while actual expenditures were \$\_\_\_\_\_. This resulted in total expenditures being under budget by \$\_\_\_\_\_. There were three items that account for most of the variance in the projection of the budget. The largest share of the variance is in the area of local road preservation-structural improvement. As mentioned earlier, expenditures for construction/capacity improvement on local roads by statute is limited to 50% of the contract costs. Therefore, when revenues are not realized, corresponding expenditures are not required. Consequently, the projected budget amount for local road preservation-structural improvement should have decreased by \$\_\_\_\_\_. Expenditures for primary road preservation-structural improvement and routine and preventive maintenance were over budget by \$\_\_\_\_\_ and \$\_\_\_\_\_, respectively. Our engineering and maintenance departments projected that work in these two areas would be completed; however, weather and other factors combined to limit the amount of work that could be completed prior to year-end.